United Nations

Report of the High-level Open-ended Working Group on the Financial Situation of the United Nations

General Assembly
Official Records • Fiftieth Session
Supplement No. 43 (A/50/43)

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REPORT ON THE PROGRESS OF THE WORK OF THE HIGH-LEVEL OPEN-ENDED WORKING GROUP ON THE FINANCIAL SITUATION OF THE UNITED NATIONS

1. At the 28th plenary meeting of the General Assembly, on 12 October 1994, the Secretary-General made a statement entitled "Ensuring a viable financial basis for the Organization". 1/ At its 85th and 86th meetings, on 12 December 1994, the Assembly held a general debate on the financial situation of the United Nations, under agenda item 10, entitled "Report of the Secretary-General on the work of the Organization". 2/

2. At the 94th plenary meeting, on 23 December 1994, the President of the General Assembly, after intensive consultations, submitted to the Assembly a draft resolution entitled "Financial situation of the United Nations" (A/49/L.63), which was adopted, without a vote, as resolution 49/143 of 23 December 1994 and which reads as follows:

"The General Assembly,

"Recalling Article 17 of the Charter of the United Nations,

"Expressing its profound concern about the financial situation of the Organization,

"Noting the views expressed by Member States during the general debate on the financial difficulties of the Organization which have resulted, inter alia, from the failure of Member States to discharge their financial obligations to the Organization in full and on time,

"Taking note of the report of the Secretary-General on the work of the Organization and of his statement to the General Assembly on 12 October 1994 on the precariousness of the financial situation of the Organization,

"Noting also the views expressed by Member States during its consideration, in plenary meeting, of the financial situation of the Organization, under item 10 of the agenda of its forty-ninth session,

"Aware of the importance and urgency of securing a viable financial basis for the Organization,

"Aware also that the solution of the serious financial situation of the Organization calls for political efforts,

"Reaffirming the role of the Fifth Committee of the General Assembly with regard to budgetary and financial matters and the importance of making every effort to establish the broadest possible agreement in accordance with the practice established in the Fifth Committee and in conformity with Assembly resolution 41/213 of 19 December 1986,

"1. Decides to consider additional measures aimed at ensuring a sound and viable financial basis for the Organization;

"2. Also decides, to this end, to establish a high-level open-ended working group under the chairmanship of the President of the General Assembly and with two vice-chairmen;

"3. Requests the high-level working group to submit to it, through the Fifth Committee, a report on the progress of its work, with the broadest possible agreement, for review before the end of its forty-ninth session."

The adoption of the resolution was accompanied by a statement made by the President of the General Assembly, on the basis of intensive consultations in which he referred to the mandate of the Working Group. 3/

3. The High-level Open-ended Working Group on the Financial Situation of the United Nations held 39 meetings from 20 January 1995 to 28 July 1995. At its first meeting, which was chaired by the Chairman, Mr. Amara Essy, President of the General Assembly, the Working Group elected Mr. Ernst Sucharipa (Austria) and Mrs. Annette des Iles (Trinidad and Tobago) as Vice-Chairmen of the Working Group. In pursuance of paragraph 3 of resolution 49/143, the Working Group submitted a report through the Fifth Committee to the General Assembly, entitled "Report of the High-level Open-ended Working Group on the Financial Situation of the United Nations". 4/ The progress report contained an account of the consideration in the plenary meetings of the Assembly and by the Working Group of the issues relevant to the financial situation. 5/ During its deliberations in the course of the forty-ninth session of the General Assembly, the Working Group, at the request of Member States, was provided with a number of working papers. Additional information was provided orally by the representatives of the Secretariat.

4. In paragraph 33 of its report to the General Assembly, the Working Group recommended that the discussion on the issues covered by its mandate should continue during the fiftieth session of the Assembly. The discussion should build on the work done in the course of the forty-ninth session, in order to enable the Assembly to take the appropriate measures in time to provide the Organization with a viable financial base commensurate with the challenges it will have to face after its fiftieth anniversary. The Working Group also recommended to the Assembly the adoption of the following draft decision:

"The General Assembly, having considered the report on the progress of the work of the High-level Open-ended Working Group on the Financial Situation of the United Nations, established pursuant to resolution 49/143 of 23 December 1994:

"(a) Takes note of the work of the High-level Open-ended Working Group;

"(b) Decides that the Working Group should continue its work, taking into account, inter alia, the views expressed at the forty-ninth and fiftieth sessions, including at the special commemorative meeting of the General Assembly on the occasion of the fiftieth anniversary of the United Nations, and submit through the Fifth Committee a report on its work, including any possible recommendations to the General Assembly at its fiftieth session."

5. At its 68th meeting, on 12 September 1995, the Fifth Committee considered the report of the Working Group. The comments and observations made in the course of the Committee's consideration of the report are reflected in the relevant summary record (A/C.5/49/SR.68). At the same meeting, on the proposal of the Chairman, the Committee, without objection, took note of the report of the Working Group and decided to transmit it to the General Assembly at its resumed forty-ninth session for action.

6. At its 107th plenary meeting, on 14 September 1995, the General Assembly took note in its decision 49/495 of the report of the Fifth Committee transmitting the report of the Working Group (A/49/963). At the same meeting, the Assembly adopted as decision 49/496 the draft decision contained in paragraph 33 of the report of the Working Group. 4/ Decision 49/496 reads as follows:

> "At its 107th plenary meeting, on 14 September 1995, the General Assembly, having considered the report on the progress of the work of the High-level Open-ended Working Group on the Financial Situation of the United Nations, established pursuant to its resolution 49/143 of 23 December 1994, took note of the work of the Working Group and decided that the Working Group should continue its work, taking into account, inter alia, the views expressed at the forty-ninth and fiftieth sessions of the General Assembly, including its Special Commemorative Meeting on the occasion of the fiftieth anniversary of the United Nations, and submit to the Assembly at its fiftieth session, through the Fifth Committee, a report on its work, including any possible recommendations."

7. References to the critical financial situation were made by many heads of State and Government addressing the Special Commemorative Meeting on the occasion of th fiftieth anniversary. On 24 October 1995, the General Assembly adopted resolution 50/6, entitled "Declaration on the Occasion of the Fiftieth Anniversary of the United Nations", which contained the following paragraph:

> "In order to carry out its work effectively, the United Nations must have adequate resources. Member States must meet, in full and on time, their obligation to bear the expenses of the Organization, as apportioned by the General Assembly. That apportionment should be established on the basis of criteria agreed to and considered to be fair by Member States."

8. The present report is submitted in pursuance of the decision contained in paragraph 6 above.

9. The High-level Open-ended Working Group on the Financial Situation of the United Nations held 30 meetings from 28 November 1995 to 4 June 1996. At its first meeting, which was chaired by the Chairman, Mr. Diogo Freitas do Amaral, President of the General Assembly at its fiftieth session, the Working Group re-elected Mr. Ernst Sucharipa (Austria) and Mrs. Annette des Iles (Trinidad and Tobago) as Vice-Chairmen of the Working Group.

10. At its 2nd meeting, on 15 December 1995, the Working Group considered a working paper entitled "Programme of work" (WGFS/28), which contained a tentative schedule of meetings and a proposed programme of work, listing issues/elements for discussion during the fiftieth session that fall within the mandate of the Working Group in order to make progress in finding a solution to the financial crisis. The issues comprising the programme of work were the following:

(a) The cash-flow situation, including mounting debts of the Organization to Member States, as well as financial mechanisms capable of preventing recurrent cycles of financial crisis;

(b) Payment of contributions in full and on time; increase in unpaid contributions; issue of arrears; and incentives and disincentives;

(c) Scale of assessments.

11. At the same meeting, the Working Group approved the above-mentioned programme of work. The Working Group also had before it a "Compendium of views" contained in document WGFS/29, which had been prepared by the Secretariat at the request of the Group. The compendium was based on the views expressed by Member States during the fiftieth session of the General Assembly in the general debate (meetings 4 to 29) (see A/50/PV.4-29), as well as at the Special Commemorative Meeting (meetings 35 to 40) (see A/50/PV.35-40). The summary of views contained in the paper was intended to provide background material for the Working Group and was grouped under the broad issues contained in the programme of work (see para. 10 above). The two Vice-Chairmen also proposed a paper entitled "Elements for discussion" (WGFS/30) in order to facilitate and focus the discussion within the framework of the programme of work.

12. At the 3rd meeting of the Working Group, on 24 January 1996, the Under-Secretary-General for Administration and Management made a statement and informed the members of the financial situation of the United Nations and answered questions posed to him by the members.

13. At the 5th meeting, on 5 February, the Under-Secretary-General for Administration and Management made a further statement, in which he reminded the members of the Working Group of some pertinent features of the Organization's financial position at the end of 1995 and updated that information as to the position at the end of January 1996. He also covered the issue of what could be foreseen as the likely developments for the rest of 1996 (WGFS/32). Further statements by the Under-Secretary-General for Administration and Management were made at the 19th meeting, on 9 April, and 27th meeting, on 30 April, in which he briefed the members on the current financial situation of the United Nations and answered questions posed to him by them.

14. At the 6th meeting, on 6 February, the Secretary-General made a statement to the Working Group in which he dealt with the challenges facing the United Nations and in that context highlighted the importance of action on the financial crisis (WGFS/34).

15. At its 3rd to 29th meetings, from 7 February to 1 May 1996, the Working Group held substantive discussions on the issues contained in its programme of work (see para. 10 above). During the discussions, individual members, as well as groups of Member States, submitted proposals on the issues on the agenda of the Working Group. A number of the working papers submitted addressed the whole range of issues before the Working Group in a comprehensive manner. The Vice-Chairmen, for their part, in order to facilitate the discussion, submitted draft decisions on the issues of payment of outstanding contributions (WGFS/46 and Rev.1 and 2), and incentives/disincentives (WGFS/53 and Rev.1). The Vice-Chairmen also prepared a compilation of the proposals on the issues of the scales of assessment as contained in the working papers (WGFS/43 and Add.1 and 2). Working paper WGFS/43 and its two addenda have been merged into a single document, WGFS/43/Rev.1, in order to facilitate consideration of the material.

16. The list of all working papers submitted to the Working Group at its current as well as its previous session, including proposals by members and other papers prepared by the Secretariat at the request of Member States, are contained in the annex to the present report (WGFS/1-56). Additional information was also provided orally by the representatives of the Secretariat.

17. During the present session, once again, it was the view of a large number of Member States that the fundamental cause of the serious financial situation of the United Nations was the failure of Member States, in particular some major contributors, to meet their financial obligations to the Organization in full and on time and without conditions. Some Member States thought that, while the failure of a large number of Member States to meet their financial obligations in full and on time was indeed a major cause of the current serious financial crisis, a thorough examination of all the issues on the agenda of the Working Group was necessary for the achievement of a long-term solution that would place the Organization on a sound financial basis. It was the view of other Member States that the fundamental cause of the situation was the failure of the scales of assessment to apportion the expenses of the Organization fairly among Member States.

18. Discussions showed that there was agreement in the Working Group on the urgent need to find a solution to the current financial situation of the United Nations. A wide range of views and proposals were expressed. It was agreed that further in-depth consideration of those issues/elements was still required.

19. It was also noted that the activities of the Working Group had helped to maintain and increase awareness about the dimensions of the financial situation and had facilitated ongoing efforts of the President of the General Assembly and the Secretary-General to encourage timely payment of contributions by Member States in accordance with the Charter of the United Nations and the Financial Regulations and Rules.

20. At its 30th meeting, on 4 June 1996, the Working Group concluded its discussions for the current session of the General Assembly and, in accordance with Assembly decision 49/496, is submitting, through the Fifth Committee, the present report on the progress of its work to the Assembly at its fiftieth session. The Working Group decided to recommend that, based on its programme of work (see para. 10 above), the discussion on the issues covered by its mandate should continue during the fifty-first session of the Assembly and should build on the work done in the course of the forty-ninth and fiftieth sessions, in order to enable the Assembly to take the appropriate measures to provide the Organization with a viable financial base for its future operations. The Working Group was aware of the importance and urgency of that task and of the fact that the solution of the critical financial situation of the Organization called for serious political efforts. The work done so far should facilitate those efforts.

21. To that end, the Working Group recommends to the General Assembly the adoption of the following draft decision:

> "The General Assembly, having considered the report on the progress of the work of the High-level Open-ended Working Group on the Financial Situation of the United Nations, established pursuant to General Assembly resolution 49/143 of 23 December 1994 and decision 49/496 of 14 September 1995:
>
> "(a) Notes the work of the High-level Open-ended Working Group;

"(b) Decides that the Working Group should continue its work, taking into account, inter alia, its considerations during the forty-ninth and fiftieth sessions and the views expressed at the fifty-first session of the General Assembly, and submit to it, through the Fifth Committee, a report on its work, including any possible recommendations to the Assembly at its fifty-first session."

Notes

1/ See Official Records of the General Assembly, Forty-ninth Session, Plenary Meetings, 28th meeting, and corrigendum.

2/ Ibid., 85th and 86th meetings.

3/ Ibid., 94th meeting.

4/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 43 (A/49/43).

5/ Ibid., paras. 7 and 16.

ANNEX

List of working papers*

WGFS/1	Overview of the United Nations financial situation
WGFS/2	Proposed programme of work of the High-level Open-ended Working Group on the Financial Situation of the United Nations: schedule of meetings
WGFS/3	Compendium of views
WGFS/4	Factual presentation by the Under-Secretary-General for Administration and Management
WGFS/5	Incentive and penalty schemes in the agencies in the United Nations system
WGFS/6	Assessments versus unpaid contributions:
	(a) Regular budget;
	(b) Peace-keeping operations
WGFS/7	Bibliography of key material on the financial situation of the United Nations
WGFS/8	1995 approved assessment rates for regular budget and peace-keeping budgets for current members of the Security Council
WGFS/9	Update of the United Nations financial situation
WGFS/10	The cash-flow situation: procedures for the approval of peace-keeping budgets and appropriations
WGFS/11/Part I	Checklist of proposals
	Issue 1. Payment by Member States of their contributions to the United Nations in full and on time
	Issue 2. The problem of arrears in the payment of contributions by Member States
WGFS/11/Part II	Checklist of proposals
	Issue 3. Cash-flow situation
	Issue 4. Procedures for the approval of peace-keeping budgets and appropriations

* The working papers have been placed in the files of the Secretariat and are available to Member States for consultation.

WGFS/11/Part III/ Rev.1	Checklist of proposals Issue 5. The methods of calculating the scales of assessment Issue 6. Other proposals
WGFS/12	Opinion by the Legal Counsel on several proposals included in the position paper of the European Union entitled "Measures to encourage the payment of contributions by Member States"
WGFS/12/Add.1	Opinion by the Legal Counsel on a stricter interpretation of Article 19 of the Charter
WGFS/13	Relevant financial regulations and rules
WGFS/14/Corr.1	Material prepared for the High-level Open-ended Working Group on the Financial Situation of the United Nations: - Explanation of current calculation of arrears under Article 19 and other adaptations (with tables) - Explanation of S-curve incentive schemes (with tables) - Explanation of peace-keeping redeemable certificate
WGFS/15	Member States under Article 19
WGFS/15/Add.1	List of countries who have fallen under Article 19 during the last 10 years
WGFS/15/Add.2	Potential impact of the application of each of the three adaptations of the current methodology for calculating the application of the provisions of Article 19
WGFS/16	Proposals and ideas concerning incentives and disincentives
WGFS/17	Calculation of interest refunds based on S-curve incentive schemes
WGFS/18/Rev.1	Antigua and Barbuda, Belize, Cambodia, Cape Verde, Dominica, Eritrea, Fiji, Marshall Islands, Micronesia (Federated States of), Papua New Guinea, Samoa, Sao Tome and Principe, Solomon Islands and Vanuatu: draft recommendation on abolition of the "floor" rate
WGFS/19	Models of the effect of various changes in the methodology for the scale of assessments
WGFS/19/Add.1	Changes in the floor
WGFS/19/Add.2	Elimination of debt-burden adjustment
WGFS/19/Add.3	Effect of the ceiling
WGFS/19/Add.4	Low per capita income adjustment: effect of various gradients
WGFS/19/Add.5	Effect of the ceiling

WGFS/19/A	Data on gross national product
WGFS/20	New Zealand: proposal for a package solution to the United Nations financial situation
WGFS/21	Summary of evolution of the elements in the methodology used to prepare the scale of assessments
WGFS/22	Statistical data on recruitment of staff, 1990-1994
WGFS/23/Rev.1	Statistical data on procurement of goods and services, 1992-1995
WGFS/24	Models of the effect of various changes in the methodology for the scale of assessments: six-year base period
WGFS/24/Add.1	Changes in the floor
WGFS/24/Add.2	Elimination of debt-burden adjustment
WGFS/25	Data on population
WGFS/26	Armenia, Belgium, Czech Republic, Denmark, Finland, Germany, Ireland, Luxembourg, Netherlands, Norway, Portugal, Russian Federation, Solomon Islands, Sweden and United Kingdom of Great Britain and Northern Ireland: position paper on the United Nations regular budget scale of assessment
WGFS/27	Summary data on the status of contributions as at 30 June 1995
WGFS/28	Programme of work (1996)
WGFS/29	Compendium of views
WGFS/30	Elements for discussion (proposals by the two Vice-Chairmen)
WGFS/31	European Union: position paper on resolving the financial crisis of the United Nations Organization
WGFS/32	Statement made on 5 February 1996 by Mr. Joseph E. Connor, Under-Secretary-General for Administration and Management, to the High-level Open-ended Working Group on the Financial Situation of the United Nations
WGFS/33	G-77 and China: position paper on the financial situation of the United Nations
WGFS/34	Statement made on 6 February 1996 by the Secretary-General of the United Nations to the High-level Open-ended Working Group on the Financial Situation of the United Nations
WGFS/35	Arrears
WGFS/36	Incentives and disincentives
WGFS/37	List of Member States which paid their 1995 regular budget contribution in full by 31 December 1995

WGFS/38	Models of the effect of various ceilings
WGFS/38/Add.1	Models of the effect of various ceilings (based on the European Union's proposal in WGFS/31)
WGFS/39	Possible measures to improve liquidity and reduce arrears of payments to troop-contributing countries
WGFS/40	Latvia: proposal for fulfilling the obligation to pay on time
WGFS/41	Arrangements for settlement of arrears in some of the specialized agencies of the United Nations
WGFS/42	Assumptions made in the February forecast of 1996 peace-keeping cash balances
WGFS/43	Compilation of positions on the scales of assessment as reflected in working papers WGFS/20, WGFS/31 and WGFS/33
WGFS/43/Add.1	Compilation of positions on the scales of assessment as reflected in working papers WGFS/20, WGFS/31, WGFS/33 and WGFS/45
WGFS/43/Add.2	Compilation of positions on the scales of assessment as reflected in working papers WGFS/20, WGFS/31, WGFS/33, WGFS/45, WGFS/49 and WGFS/52
WGFS/43/Rev.1	Compilation of positions on the scales of assessment, as reflected in working papers WGFS/20, WGFS/31, WGFS/33, WGFS/45, WGFS/49 and WGFS/52, portions of which appeared as WGFS/43 and Add.1 and 2
WGFS/44	Legal opinion on the application of Article 2, paragraph 2, of the Charter of the United Nations
WGFS/45	Japan: proposal on financial reform
WGFS/46	Draft decision submitted by the Vice-Chairmen: reduction of arrears
WGFS/46/Rev.1	Revised draft decision submitted by the Vice-Chairmen: payment of outstanding contributions
WGFS/46/Rev.2	Revised draft decision submitted by the Vice-Chairmen: payment of outstanding contributions
WGFS/47	Merits of sanctions and incentives to improve collection of assessed contributions to the United Nations and its specialized agencies and possible measures to implement them
WGFS/48	Amounts owed to Member States for troops and contingent-owned equipment as of 31 December 1995
WGFS/49	Canada: position paper on scales of assessment
WGFS/50	Statistical data on procurement of goods and services in 1995

WGFS/51	Mexico: amendments to draft decision contained in document WGFS/46
WGFS/52	United States of America: position paper on the financial situation of the United Nations
WGFS/53	Draft decision submitted by the Vice-Chairmen: incentives
WGFS/53/Rev.1	Draft decision submitted by the Vice-Chairmen: incentives/ disincentives
WGFS/54	Amounts owed to Member States for troops, contingent-owned equipment, goods and services provided under letters of assist and death and disability
WGFS/55	Statistical data on recruitment of staff (1995)
WGFS/56	Canada: proposal for a revised formula for per capita income adjustment

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